

North Tyneside Council

Report to Cabinet

Date: 11 July 2016

ITEM 7(b)

Title: Discretionary
Housing Payments

Portfolio(s): Elected Mayor

Finance and Resources

Housing

Cabinet Member(s): Norma Redfearn

Councillor Ray
Glindon

Councillor John
Harrison

Report from Service Area; Finance and Resources
Responsible Officer: Janice Gillespie, Head of Finance. Tel: (0191) 643 5701

Wards affected: All

PART 1

1.1 Executive Summary:

- 1.1.1 Discretionary Housing Payments (DHPs) are paid to claimants who the Authority considers require further financial assistance towards their housing costs, and who are in receipt of Housing Benefit or Universal Credit. Such financial assistance includes rental liability.
- 1.1.2 The Authority provides DHPs using funding provided by the Department for Work and Pensions (DWP). The Authority has adopted a locally agreed Policy (the Policy) (Appendix 1) which provides a framework for administering DHPs. The Policy was first agreed by Cabinet on 8 July 2013 following a significant increase in funding in April 2013 and a background of increased demand due to the Welfare Reforms introduced by the Welfare Reform Act 2012. The Act introduced changes such as the Benefit Cap, and the Social Sector Size Criteria (SSSC) often referred to as the "Bedroom Tax".
- 1.1.3 Although the Policy is reviewed annually by the Mayor's Task Group to ensure that it remains fit for purpose and is robust enough to stand up to the ever increasing demands on it, no changes have been made to the Policy since it was introduced in 2013.
- 1.1.4 A number of welfare reforms being introduced from April 2016 onwards will affect residents' incomes and this in turn is likely to increase demand on the DHP fund as more claimants will be likely to need financial support. Following the review this year by the

Mayor's Task Group for Welfare Reform one change to the Policy is being proposed relating to the level of capital that a claimant can have and still be eligible to claim DHP.

1.2 Recommendation(s):

It is recommended that Cabinet:

- (a) consider the consultation responses from the Mayor's Task Group regarding the proposed change in the capital level at Appendix 2; and
- (b) agree the proposed change to the capital level in the Discretionary Housing Payments Policy from £5,000 to £1,000 to take effect from 1 October 2016.

1.3 Forward plan:

1.3.1 This report first appeared on the Forward Plan that was published on 25 April 2016.

1.4 Council plan and policy framework

1.4.1 This report links directly to the priority 'Our people will be cared for and kept safe if they become vulnerable' in the 'Our North Tyneside Plan'.

1.5 Information

- 1.5.1 Discretionary Housing Payments (DHPs) are paid to claimants who the Authority considers require further financial assistance towards their housing costs, and who are in receipt of either Housing Benefit or Universal Credit which includes housing costs. The Regulations governing DHPs are the Discretionary Financial Assistance Regulations 2001 (the Regulations) and the Regulations must be considered alongside guidance provided by the DWP when considering the administration of DHPs. 'Housing costs' are not defined in the Regulations and therefore the Authority has a wide discretion over what it considers to be 'housing costs'. Generally, housing costs are taken to include help towards rental liability, deposits, rent in advance or moving costs. Ineligible service charges including costs for heating, hot water and water rates are not eligible for a DHP. Since April 2013 and the abolition of Council Tax Benefit, DHPs cannot be used to help towards Council Tax Liability.
- 1.5.2 'Further financial support' is not defined in the Regulations but is usually taken to mean that the claimant is unable to meet their housing costs from their own income/capital. To claim a DHP certain criteria must be met, namely, a claimant must be in receipt of Housing Benefit (HB) or be entitled to Universal Credit (UC) which includes housing costs towards rental liability.
- 1.5.3 DHPs are paid for a number of reasons such as shortfalls between HB and rental liability caused by reduced HB due to the SSSC, non dependant deductions, or reductions due to the Local Housing Allowance (LHA) rates in the private rental sector. DHPs are generally paid for a short term to help temporarily with housing costs and do not always meet the full shortfall. Claimants are encouraged to move to accommodation that is more affordable or to adjust their budgets accordingly. Where claimants do move to more affordable accommodation DHPs can be used to help fund the costs involved in moving.
- 1.5.4 Since April 2013 the Authority has seen a significant increase in the funding provided by DWP in order to meet the considerable increase in demand for DHP. The Authority can 'top up' the DHP fund so that the total amount available is 2.5 times the DWP funding.

- 1.5.5 The funding is ring-fenced and can only be used to provide actual financial support to claimants and does not include costs for administration. For 2015/16 the Government provided £406,414 in DHP. Government made a clear commitment that this will be increased over the next 5 years to support people impacted by the welfare reforms it has, and will be introducing. Accordingly the amount provided by the DWP for 2016/17 has been increased to £473,141 in line with that commitment.
- 1.5.6 To provide some detail on how the DHP fund may be impacted by future welfare reforms, the DWP have provided a list of residents in North Tyneside that they believe will be impacted by one of the reforms namely the new reduced Benefit Cap. The reduced Benefit Cap limits the amount of State Benefit that can be paid to out of work claimants to £20,000 per annum for couples (with or without children) and £13,400 per annum for single claimants. Where income is above the cap, HB entitlement is reduced by up to this amount. It is estimated that around 200 claimants will be impacted by the new reduced Benefit Cap which is due to be introduced November 2016. We have 18 families impacted by the current £26,000 cap. As incomes reduce for these families it is likely many will need assistance from the DHP fund.
- 1.5.7 The amount of DHP awarded and the length of time that it is paid is at the discretion of the Authority. If a claimant is unhappy with a DHP decision although there is no formal Tribunal to determine disputes, claimants can ask for a decision to be reviewed by a panel of two officers who are independent of the original decision process. Should a claimant remain unhappy with the decision, they can seek a Judicial Review of the Authority's decision.
- 1.5.8 When a DHP claim is made the Authority calculates entitlement using income and capital and what is considered by officers to be 'reasonable expenses' to assess whether someone can afford the 'housing costs' from their own income. Disability income such as Disability Living Allowance (DLA) and Personal Independence Payments (PIP) are fully disregarded in the determination of a claim for DHP and calculation of the amount of DHP to be paid to a claimant. This acknowledges the likely increased expenses associated with a health condition that someone in receipt of DLA or PIP may have.
- 1.5.9 The Policy also allows for those living in significantly adapted property to receive a DHP regardless of their income to ensure that these claimants do not need to move home in order to afford their housing costs. Additionally, those who have a formal agreement for child access in place and require a larger home to accommodate overnight visits are also paid a DHP to fund the cost of the additional room. This supports family links between separated families and ensures they are not damaged by welfare reforms.
- 1.5.10 Those making a claim for a DHP are referred for budgeting or debt advice to the Citizens Advice Bureau (CAB) when it is considered that the claimant may benefit from this help. Feedback from CAB advises that this referral process is working well and claimants are engaging with the help offered. It ensures that help is provided at an early stage and issues can be worked through whilst financial support is in place.
- 1.5.11 The current Policy allows claimants to have up to £5,000 capital and be able to qualify for a DHP. This aspect of the Policy was discussed at the Mayor's Task Group for Welfare Reform in March 2016. It was considered appropriate for there to be a reduction in the level of capital that a claimant can have and still qualify for a DHP. A reduction in the capital limit of £5,000 was considered appropriate on the basis that DHP is aimed at helping those in most financial need who cannot afford their housing costs from their own income/capital. DHPs have to assist those who have the most financial need and any

payments will be made on that basis. As there is likely to be an increase in demand for DHP due to the further welfare reforms to be introduced there is likely to be an added strain on the DHP fund. The Task Group agreed that any reduced capital limit will still need to be of an amount that is sufficient to deal with an emergency expense. Having a lower level of permitted capital to be eligible to claim DHP will not restrict many claimants from qualifying for DHP. The proposed change to the Policy endorses the Policy aim of DHP being for those that have a real need of financial support because they cannot afford their housing costs from their income/capital whilst at the same time protecting the DHP fund.

1.5.12 A figure of £1,000 for the capital limit was discussed with the Task Group on 10 March 2016 and members were asked for their views. Some members of the Group agreed with the proposed capital limit of £1,000 and some proposed alternative amounts. The issue was also raised at the Community and Voluntary Sector Group for Welfare Reform and their views were also sought. Appendix 2 outlines the levels of capital suggested and comments provided by members of the Mayor's Task Group for Welfare Reform and the Community and Voluntary Sector Group for Welfare Reform.

1.5.13 In 2015/16 the Authority made a payment of DHP to just under 1000 claimants, but only 34 (3%) of these claimants had capital in excess of £1,000 recorded against their claim, so reducing the level of support will only impact on a small number of claimants.

1.5.14 If the capital level was reduced to £1,000 this would not take effect until 1 October 2016 (second half of the financial year) and would only affect those making a new claim or renewing their claim after this date.

1.6 Decision Options

1.6.1 The following decisions are available to Cabinet:

Option 1: Accept the recommendation at point 1.2 of this report.

Option 2: Reject the option at point 1.2 of this report and recommend an alternative amount of capital.

Option 3: Reject the option at point 1.2 of this report and recommend that officers take other actions as considered appropriate.

Option 1 is the recommended option.

1.7 Reasons for recommended option:

1.7.1 Option 1 provides a sufficient level of capital to allow for emergency expenses, and a number of those consulted felt that £1,000 was an appropriate level of capital.

Option 1 will not impact on large numbers of claimants.

1.8 Appendices:

Appendix 1 – Discretionary Housing Payment Policy 2016/17

Appendix 2 – Consultation Feedback

Appendix 3 – Equality Impact Assessment

1.9 Contact officers:

Janice Gillespie – Head of Finance, Tel. (0191) 6435701

Andrew Scott – Senior Client Manager Revenues, Benefits and Customer Services,
Tel. (0191) 643 7150

Tracy Hunter – Client Manager Revenues, Benefits and Customer Services,
Tel. (0191) 643 7228

1.9 Background information:

- [Discretionary Financial Assistance Regulations 2001](#)
- [Discretionary Housing Payments Guidance Manual – May 2016](#)

PART 2 – COMPLIANCE WITH PRINCIPLES OF DECISION MAKING

2.1 Finance and Other Resources

2.1.1 By reducing the capital limit some claimants will not qualify and this may give more capacity to help those in greatest need. This may reduce the potential of additional funding being required from the Authority to manage demand.

2.2 Legal

2.1.1 There are no legal implications directly arising from this report.

2.1.2 The current Policy was agreed by Cabinet on 8 July 2013 and the Discretionary Financial Assistance Regulation 2001 provides the legal requirements for administering the DHP fund.

2.1.3 Section 9D of the Local Government Act 2000 states that any function of the Authority is to be the responsibility of the Executive unless there is provision in legislation that that states that the function is not to be the responsibility of the Executive. There is nothing that prevents Cabinet from dealing with any aspect of Discretionary Housing Payments under the Discretionary Financial Assistance Regulations 2001 or the Local Authorities (Functions and Responsibilities) (England) Regulations 2000.

2.3 Consultation/community engagement

2.3.1 Engagement has taken place with the Mayor's Task Group for Welfare Reform and the Community and Voluntary Sector Group for Welfare Reform, and their feedback has been collected and presented in Appendix 2. Consultation took place with these groups as many of the organisations involved in these groups have significant involvement in supporting people to make claims for DHP and are able to provide a wider view of the implications of changing the capital level. The Mayor's Task Group for Welfare Reform were also involved in the development of the original DHP policy in 2013.

2.4 Human rights

There are no human rights implications directly arising from this report.

2.5 Equalities and diversity

2.5.1 An Equality Impact Assessment has been carried out but it did not identify that there was data to suggest that if the capital level reduced that this would have a disproportionately negative impact on people with particular characteristics.

2.5.2 The EIA is provided at Appendix 3.

2.6 Risk management

There are no risk management implications directly arising from this report.

2.7 Crime and disorder

There are no crime and disorder implications directly arising from this report.

2.8 Environment and sustainability

There are no environmental and sustainability implications directly arising from this report.

PART 3 - SIGN OFF

- Deputy Chief Executive
- Head(s) of Service
- Mayor/Cabinet Member(s)
- Chief Finance Officer
- Monitoring Officer
- Head of Corporate Strategy